



FIRST QUARTER FISCAL 2019

EARNINGS CALL

AUGUST 28, 2018

Safe Harbor Statement

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the securities laws. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words or variation of words such as "expects," "anticipates," "intends," "plans," "believes," "commits," "seeks," "estimates," "projects," "forecasts," "targets," "would," "will," "should," "goal," "could" or "may," or other similar expressions. Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. They may include estimates of revenues, client trajectory, income, effective tax rate, earnings per share, cost savings, capital expenditures, dividends, share repurchases, liquidity, capital structure, market share, industry volumes, or other financial items, descriptions of management's plans or objectives for future operations, products or services, or descriptions of assumptions underlying any of the above. Factors that may cause the company's actual estimated effective tax rate to differ from estimates include the company's actual results from operations compared to current estimates, future discrete items, changes in interpretations and assumptions the company has made, guidance from the Internal Revenue Service, SEC, or the Financial Accounting Standards Board about the Tax Legislation, and future actions of the company. All forward-looking statements speak only as of the date they are made and reflect the company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, the company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data or methods, future events or other changes, except as required by law. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to a variety of economic, competitive and regulatory factors, many of which are beyond the company's control, that are described in our Annual Report on Form 10-K for the fiscal year ended April 30, 2018 in the section entitled "Risk Factors" and additional factors we may describe from time to time in other filings with the Securities and Exchange Commission. You may get such filings for free at our website at <http://investors.hrblock.com>. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

Non-GAAP Measures

We refer to certain Non-GAAP financial measures in this presentation, including earnings from continuing operations before interest, taxes, depreciation, and amortization ("EBITDA"), EBITDA Margin from continuing operations, calculated as EBITDA from continuing operations divided by revenues from continuing operations ("EBITDA Margin"), and Free Cash Flow. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with accounting principles generally accepted in the United States (GAAP). Because these measures are not measures of financial performance under GAAP and are susceptible to varying calculations, they may not be comparable to similarly titled measures for other companies. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP, please refer to our press release filed on August 28, 2018 and our previously filed press releases, both of which are posted on our investor relations website at <http://investors.hrblock.com>.

Market and Industry Data

The data included in this presentation regarding the tax preparation services industry, including trends in the market and the company's position and the position of its competitors within this industry, are based on the company's estimates, which have been derived from management's knowledge and experience in the industry, and information obtained from customers, trade and business organizations, internal research, publicly available information, industry publications and surveys and other contacts in the industry. The company has also cited information compiled by industry publications, governmental agencies and publicly available sources. Although the company believes these third-party sources to be reliable, it has not independently verified the data obtained from these sources and it cannot assure you of the accuracy or completeness of the data. Estimates of market size and relative positions in a market are difficult to develop and inherently uncertain and the company cannot assure you that it is accurate. Accordingly, you should not place undue weight on the industry and market share data presented in this presentation.

JEFF JONES

PRESIDENT & CEO

Today's Call

1

The Tax Industry

2

Enterprise Strategy

3

Q1 FY19 Financial
Results

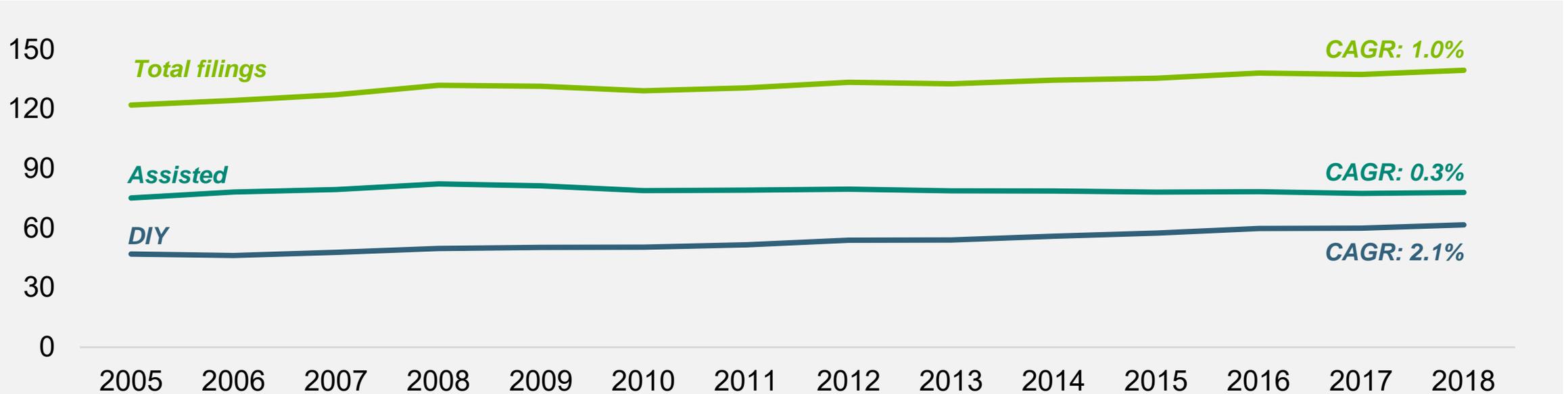
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FY19 Financial
Outlook

THE TAX INDUSTRY

Both the Assisted and DIY categories are growing

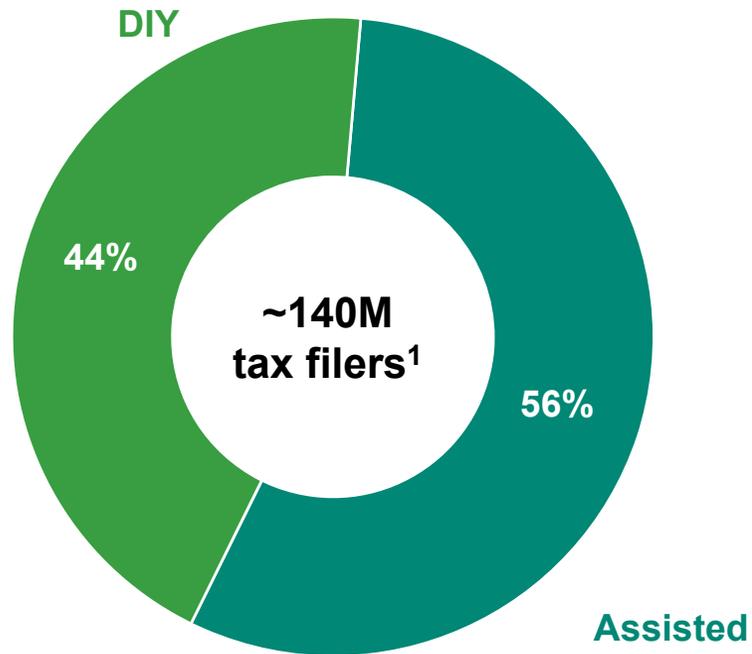
- Since 2005, total U.S. filings have grown 1% annually and are highly correlated to non-farm employment
- The Assisted channel, which represents ~56% of U.S. tax filings, is growing, albeit at a lower rate than DIY



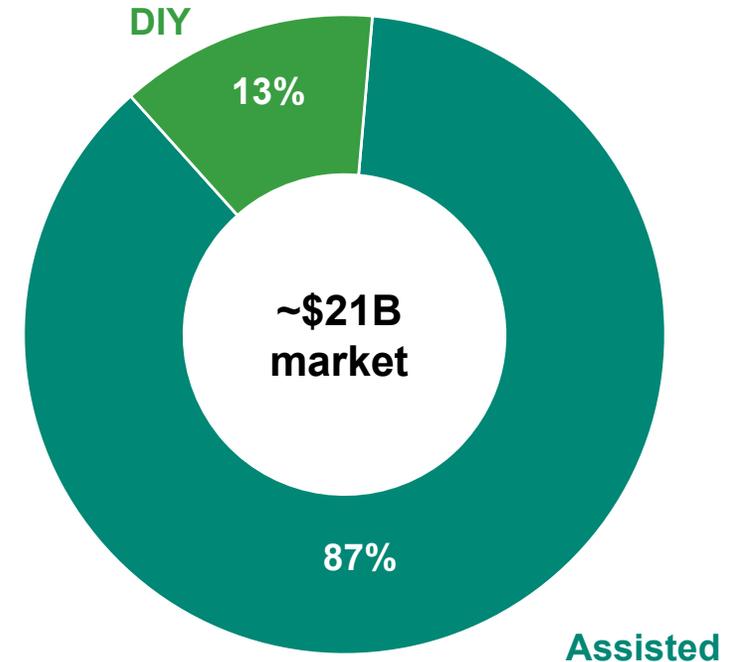
U.S. tax filings (in millions)

Assisted category generates majority of both filings and revenue in the industry

- While the Assisted category represents ~56% of total filings, it represents ~87% of total revenues



U.S. tax filers by category

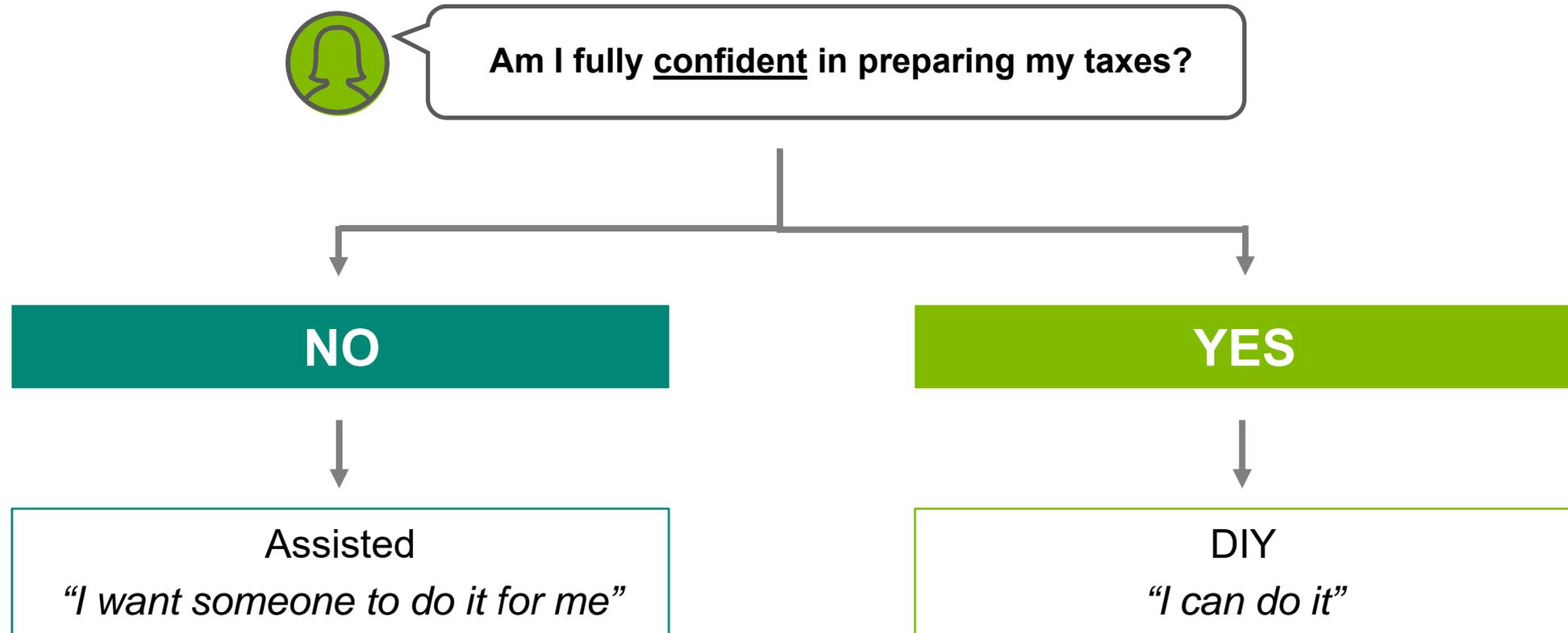


U.S. tax preparation revenue by category

Source: H&R Block estimates based on IRS data, competitor public filings, and competitive intelligence data.

¹ Represents approximate number of tax filers during the tax season, not the full calendar year.

Taxpayers choose tax filing method based on their confidence with taxes



Decisions within Assisted and DIY tax methods are then made based on cost, convenience, and other factors

Virtual represents the next phase of industry evolution

Assisted

Virtual

Do-It-Yourself (DIY)

← LOW

Taxpayer's Confidence with Taxes

→ HIGH

"I want someone to do it for me"

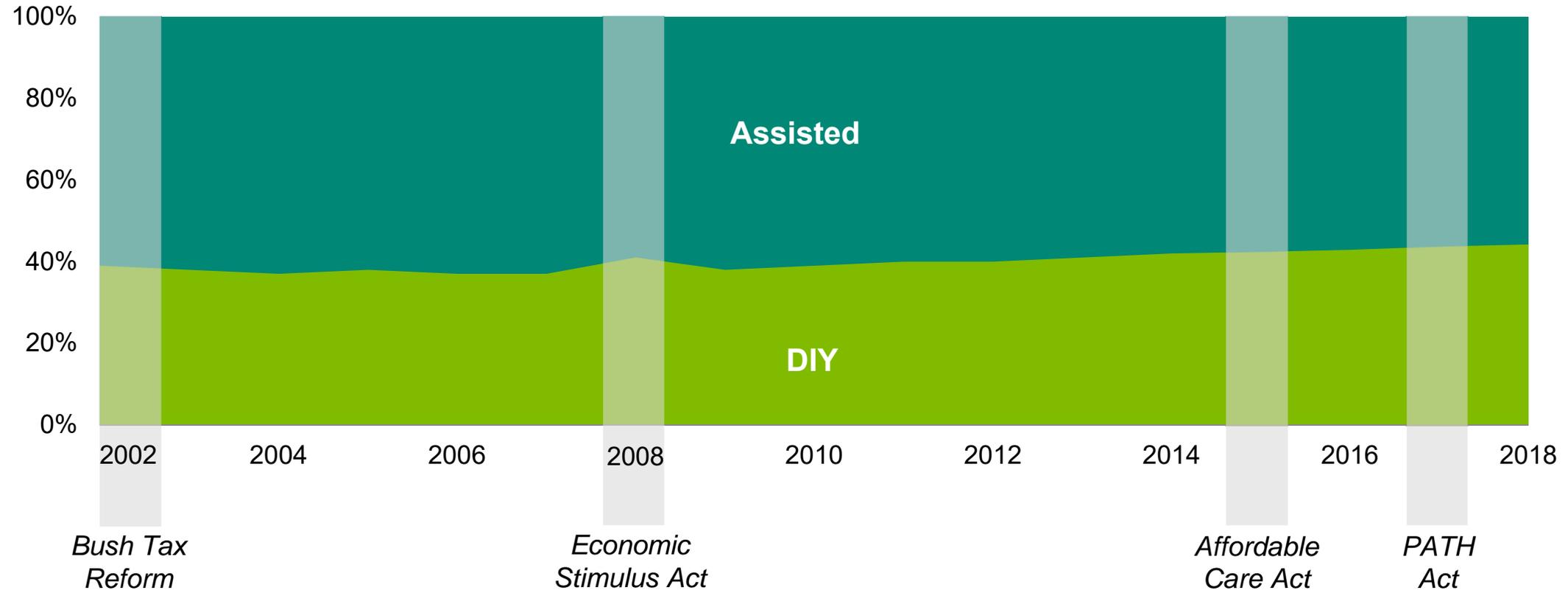
"I want someone to check my work"

"I can do it"

"I don't want to go to an office"

"I need a little help"

Filing behavior has not been materially impacted by significant tax code changes



Assisted and DIY split

ENTERPRISE STRATEGY

Key objectives of our enterprise strategy

Assisted

- **Improving the value** we deliver, including an investment in price
- Developing and delivering on a **clear brand promise** to differentiate H&R Block to consumers
- Improving the **quality and consistency** of our service delivery in the tax office

Virtual

- **Innovating** in this emerging space, **leading the industry** as consumer expectations evolve
- Combining **digital technology** with the **unmatched scale and expertise of our network** to deliver value-added solutions

Do-It-Yourself (DIY)

- Investing to **improve the product and user experience**
- Pricing at a level that is competitive and **provides compelling value** to our clients
- Continuing to communicate this value, **growing awareness** and compelling consumers to switch to H&R Block

Virtual offerings combine digital technology with the unmatched scale and expertise of our network

Virtual



Remote tax preparation with just a few easy steps

- The taxpayer is matched with the best Tax Pro, who completes, signs, and files the return
- Secure digital document upload
- Secure messaging with Tax Pro
- The maximum refund – guaranteed



Have a Tax Pro review the return

- Available with any online product
- Tax Pro provides an expert evaluation of source documents and tax return
- Tax Pro signs and files the return for the taxpayer
- The maximum refund – guaranteed



Expert tax advice via chat

- Access tax and product help via live chat
- Available with both online and desktop products

FY19 investment areas

Price

Refine pricing model to improve value proposition

- Price reductions to impact the Assisted category only
- Targeted to specific consumer segments
- Represents a one-time reset

Technology

Modernizing platforms to enable more innovation, facilitate greater agility, and reduce spend over time

- Consolidate multiple tax engines
- Invest in cross-channel capabilities
- Migrate physical data centers to the cloud
- Optimize data architecture and analytics platform

Operational Excellence

Drive consistency and best practices across our offices

- Better execution of standard operating procedures
- Enhance and differentiate the new client experience

JEFF JONES

PRESIDENT & CEO

TONY BOWEN

CHIEF FINANCIAL OFFICER

Q1 FY19 Summary – Continuing Operations

(in millions, except EPS)	Q1 FY19	Q1 FY18
Revenue	\$ 145	\$ 138
Pretax Loss	\$ (199)	\$ (205)
Net Loss	\$ (149)	\$ (128)
Weighted-Avg. Shares - Diluted	207.7	207.9
EPS¹	\$ (0.72)	\$ (0.62)
EBITDA²	\$ (137)	\$ (140)

Note: All amounts are unaudited. The company normally reports a fiscal first quarter loss due to the seasonality of its tax business.

¹ All per share amounts are based on fully diluted shares at the end of the corresponding period.

² The company reports non-GAAP financial measures of performance, including earnings before interest, tax, depreciation, and amortization (EBITDA), EBITDA Margin, and Free Cash Flow, which it considers to be useful metrics for management and investors to evaluate and compare the ongoing operating performance of the company. See "About Non-GAAP Financial Information" in our August 28, 2018 earnings release, posted to our investor relations website at <http://investors.hrblock.com>, for more information regarding financial measures not prepared in accordance with GAAP and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP.

Solid financial outlook for FY19, while making investments for the long term

REVENUES

\$3,050M - \$3,100M

EBITDA MARGIN¹

24% - 26%

EFFECTIVE TAX RATE

23% - 25%

¹ EBITDA Margin from continuing operations is a non-GAAP financial measure. Specific quantifications of the amounts that would be required to reconcile the company's EBITDA Margin outlook for FY19 are not available. Because of the variability of these and other items as well as the impact of future events on these items, management is unable to reconcile without unreasonable effort the expected range of EBITDA Margin for the fiscal year to a comparable GAAP range. See "About Non-GAAP Financial Information" in our August 28, 2018 earnings release, posted to our investor relations website at <http://investors.hrblock.com>, for more information regarding financial measures not prepared in accordance with GAAP.

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Q&A



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